



United States Senator  
**Richard Shelby**  
REPORTS TO ALABAMA



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**WHY INVESTIGATE THE ADMINISTRATION'S POLICY ON  
SATELLITE EXPORTS TO CHINA, AND CHINESE ATTEMPTS  
TO INFLUENCE THE U. S. POLITICAL PROCESS**

As Chairman of the Senate Intelligence Committee, I have been asked by Senate Majority Leader Trent Lott to begin an inquiry into allegations that the transfer of sensitive technology to China may have lead to a serious breach of our national security. It has been reported that American companies may have helped improve the accuracy, reliability and lethality of Chinese intercontinental ballistic missiles targeted toward U. S. cities. These allegations are extremely disturbing, as are allegations that the Chinese government illegally attempted to influence the U. S. 1996 elections, and that vital national security decisions may have been influenced as a result of illegal campaign contributions. Our inquiry will address matters that go to the heart of our national security and our democratic political process.

When the issue of illegal Chinese influence of the 1996 election first surfaced, Secretary of State Madeleine Albright said, that, if true, the allegations would be "very serious." I agree.

Also, in March of 1996, the White House quietly overrode the objections of then Secretary of State Warren Christopher and decided to loosen the standards for exporting commercial communications satellites to China. This decision was not only worth hundreds of millions of dollars to U. S. corporations, but significantly benefitted a corporation owned and operated by the Chinese government—the China Aerospace Corporation.

Is it just a coincidence that the White House relaxed the rules at a time when the head of one of those corporations, Loral, was contributing heavily to the Democratic Party? Is it also just a coincidence that a well-connected People's Liberation Army officer working for China Aerospace was also giving money to the Democratic National Committee through Johnny Chung? Perhaps. But, even if the decision was not motivated by campaign cash, the wisdom of these actions from a purely national security perspective must be questioned. Earlier

Administrations allowed U. S. firms to launch satellites on Chinese missiles, but only after they were subjected to the stringent State Department export licensing process, and extensive security and monitoring provisions.

By moving these decisions from the security-minded State Department to the export-oriented Commerce Department, one is left to wonder whether the Administration sacrificed national security in favor of commercial ventures.

Meanwhile, in April 1996, following the explosion of a Chinese Long March missile carrying a Loral satellite, engineers from Loral and Hughes were in China helping China Aerospace fix the problems with the Long March missile. Keep in mind that China Aerospace has several lines of work: one is building civilian space launch vehicles to place commercial satellites into orbit; and another is building nuclear-armed intercontinental ballistic missiles (ICBMs) to be targeted on the United States and other countries. With the exception of the explosive warhead, virtually every component of a civilian space launch booster is similar or identical to ICBM components. And many of the technologies required to place a satellite in orbit are strikingly similar to those required to accurately deliver a warhead to its target.

In the process of helping the Chinese fix their civilian missile, it is reported that Loral and Hughes may have transferred expertise and sensitive technical information that could help China to improve the accuracy and reliability of its missiles, including ICBMs targeted on the United States, and even to develop Multiple Independently-targetable Reentry Vehicles (MIRVs) for its ICBM force. Did this transfer harm U. S. national security interests? The Defense Department seems to think so, and Attorney General Reno has started a criminal investigation into whether the companies violated the law when they failed to obtain an export license before transferring the information. Congress and the American people

need to know all the facts.

While I hope that the Administration will be cooperative with our investigation, the facts may prove to be, at a minimum, highly embarrassing. Regardless, these issues are far too serious to go unanswered.

Finally, there are broader foreign policy ramifications of these actions. The Administration turned a blind eye to China's dangerous proliferation activities long before China started meddling in the 1996 elections. In fact, when India held its nuclear tests two weeks ago, Indian officials blamed, among other things, the Clinton Administration's consistent refusal to clamp down on Chinese nuclear and missile exports to Pakistan—India's regional arch-rival. Now Pakistan has tested its own nuclear weapons—weapons developed with extensive Chinese assistance.

These are serious issues; some: issues of life and death. Therefore, it is critical that the U. S. Congress find answers to the following critical questions: What did the Chinese government do to illegally influence the 1996 elections? Why did the White House relax export controls on satellites? What was the policy justification? And were national security concerns ignored or overridden? What was the role of political contributions including illegal contributions from the Chinese government in that decision? What was the damage to our national security when Loral and Hughes passed sensitive missile data and expertise? Why did executive branch agencies fail to effectively oversee sensitive technology exports to China, especially by companies that were also major campaign donors? And finally, has the Administration's lackluster response to China's proliferation activities undermined other critical U. S. foreign policy interests, such as nuclear nonproliferation, and fueled the dangerous nuclear arms race between India and Pakistan —countries that have fought three wars since 1947?

The American people deserve an honest, straightforward accounting of these events.



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